

The AMERICAN OBSERVER

A free, virtuous and enlightened people must know well the great principles and causes on which their happiness depends. — James Monroe



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Hapsburgs Looming Again over Austria

Royal Family May Be Restored by Austrian Government as Diplomatic Move

ALL EUROPE WATCHES VIENNA

Restoration Would Involve German Ambitions for Union and Little Entente

Will the Hapsburgs come back to rule in Austria-Hungary, after 17 years of exile? That is what all Europe has been wondering, since the Austrian Diet repealed the exile law of 1919, returned to young Otto von Hapsburg most of his family's confiscated estates, and showered him with wealth. He has been invited back to Austria. But has he been invited back to rule? That is the question Europe's diplomats are trying to answer. For if Otto is restored to the throne, the results of 17 years of diplomatic adjustment in Southern Europe will be swept away, and the delicate machinery of peace will be seriously endangered.

The Hapsburgs

Probably no one in Europe is happier today than Otto's mother, the widowed Empress Zita. The plans which she laid so carefully for many anxious years may at last be approaching realization. Zita may return to rule, through her young son, that Austrian nation which expelled her in 1919, stripped her of her wealth, her estates, her jewelry, even her court gowns and costumes. Her husband, the unimpressive "Kaiser Karl," died an exile in Madeira. But Zita's courage never faltered. Faithfully she involved herself in the currents of European diplomacy, scheming for a triumphant return to the land she once ruled. At Steenockerzeel, outside the Belgian capital city of Brussels, Zita maintained the court traditions of the Hapsburgs, the oldest and greatest of Europe's royal families, powerful since the days of Charles V and the Holy Roman Empire. She educated her son in the belief that one day the Hapsburgs would return to their own, end their brief interlude of disgrace, and lead a regenerated empire to dominance in Europe.

But Zita, and her son Otto, are only pawns in a larger diplomatic game, which involves the peace settlement of 1919 and the conflicting ambitions of Germany, France, Italy, and the succession states that were carved by the war victors out of the Hapsburg domains. Since the war, Austria has been a weak nation. Its former subjects, the Serbs, Croats, and Slovenes, now live under the independent governments of Yugoslavia and Czechoslovakia. Austria's weakness is their strength. And it is also the strength of Adolf Hitler, who wants to annex Austria in a Central European union, or "Anschluss." France and Italy are afraid of the Anschluss. When we add to these different ambitions the hopes of the Austrian people themselves, who want to see Austria once more strong enough to decide her own fate, we have a rough picture of the background behind any move to restore the Hapsburgs. There is not a nation in Europe which could remain unaffected by a Hapsburg restoration, because there is no nation in Europe whose

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THE TENNESSEE RIVER AS IT FLOWS THROUGH THE SPILLWAYS AT WILSON DAM

—TVA Photo

Learning from Adversity

The thought is expressed sometimes that the hardships incident to the depression may teach us a great deal about life. We may learn, it is said, that we need not depend so exclusively upon material possessions. Deprived of our customary enjoyments, we may come to appreciate those rarer pleasures which may be had without money and without price. Possibly this hope that when we emerge from the Valley of Depression we will find ourselves on a higher spiritual ground, is not well based. Perhaps it is born of our anxiety to see a silver lining to the cloud. Adversity, after all, is not the best of teachers. If, against our wills, we give up accustomed satisfactions, we are too likely to go back to them when necessity relaxes her hold upon us. The depression may, indeed, do something to broaden the range of our enjoyments, but education can do more. And there is need that we should bend it to that end.

Modern peoples, and especially Americans, have come to depend too much upon ready-made satisfactions. We depend too much upon expensive pleasures and we suffer in consequence when the costly satisfactions are withdrawn. "Nowadays people think how dull life must have been in the Middle Ages, when there was no chance of getting about, no cinemas, no wireless, no music halls, no restaurants," says Sir Philip Gibbs, in his thoughtful book, "The Way of Escape." "But those folk made their own amusements," he replies. "They had their outdoor games and dances, their indoor games and dances. In the time of Charles II, England was a nest of singing birds. Friends went to one another's houses with violas and double basses and flutes and fiddles. They played quartettes and sang glees and madrigals, which some of them, like Samuel Pepys, composed in their spare time. The village was seething with a simple kind of social activity, at harvest time, at Christmas, on feast days and holidays. . . . It would be good to revive some of all that." And it would be possible to restore it. Furthermore, each individual, without waiting for governmental or social action, may learn how to broaden his interests so as to escape much of his dependence upon the uncertain advantages of wealth. "Art, music, poetry, science, philosophy," to quote Gibbs again, "have a value beyond material things because they reveal life and make us more alive to its rhythm, more sensitive to the mystical joys of form, color, sound, touch, smell—those senses and perceptions by which our minds are illumined, and by which we experience those moments of ecstasy or of revelation which reconcile us to much that is painful and tragic in this world."

Congress Divided on TVA Power Project

Clash Between Senate and House Amendments Opens Controversial Power Issue

FEAR FEDERAL COMPETITION

Private Companies Contest Lower Rates of Public Producing Unit

The Tennessee Valley Authority, which is conducting a far-reaching experiment in the Tennessee River basin, has reached a rather critical stage of its two-year career. It has several reasons to be worried about its future. First, is the work it is carrying on constitutional? Its friends answer in the affirmative; its enemies, in the negative. This matter will undoubtedly be decided by the United States Supreme Court soon after it convenes in the fall. A federal court in Alabama has already declared the government's power policy to be unconstitutional. This fact, coupled with the memory of what recently happened to the NRA is none too assuring to those who favor the TVA.

Another element of uncertainty arises out of amendments now before Congress to make certain changes in the original Tennessee Valley Act. The TVA officials favor the idea of amending the Act, but they do not like the changes which have been approved by the House of Representatives. Instead of giving the TVA more power to carry on its work, as is desired by officials of this agency, the House amendments actually weaken the Authority's position. The amendments which have been approved by the Senate, however, are more to the liking of TVA officials.

Where They Vary

The chief difference between the position taken by the House and the Senate centers on this important point: "Should Congress be given full authority over every TVA expenditure, or should it appropriate a lump sum of money and allow the directors of the TVA to spend this money as they see fit, under the terms, of course, of the TVA Act?" Up to now, the directors have had a free hand in carrying on their work. If they had to go to Congress to gain approval for every dollar they spent, it is contended, their work would suffer endless delays. There is growing opposition to the TVA's power policy in the House, however, and the majority sentiment seems to be in favor of placing a check on the Authority's program. The Senate, on the other hand, under the leadership of George Norris, who has led the fight for government operation of Muscle Shoals ever since the war, favors giving the TVA blanket authority in the Valley. A joint committee of the House and the Senate is attempting to work out a compromise on this issue.

The fight which is being launched against the TVA in the courts and in Congress brings this government agency prominently into the public limelight. The most controversial feature of TVA is its power policy. It is building power plants and is generating and distributing electricity. It is selling this electricity to communities in the Valley. It is providing serious competition for private power companies, and in

(Concluded on page 6)



WITH war scares looming larger in every day's news, it might be well for us in the United States to give thought to a short statement written by Mark Twain on war fever. (Note:—This was written many years before the World War—and while the United States is not at present involved deeply in international troubles, the statement is worthy of attention.)

There never has been a just one (war), never an honorable one—on the part of the instigator. I can see a million years ahead, and this rule will never change in so many as a half a dozen instances. The loud little handful—as usual—will shout for the war. The pulpit will—warily and cautiously—object, at first; the great, big, dull bulk of the nation will rub its sleepy eyes and try to make out why there should be a war, and will say, earnestly and indignantly, "It is unjust and dishonorable, and there is no necessity for it."

Then the handful will shout louder. A few fair men on the other side will argue and reason against the war with speech and pen, and at first will have a hearing and be applauded; but it will not last long; those others will outshout them, and presently the anti-war audiences will thin out and lose popularity. Before long you will see this curious thing: the speakers stoned from the platform and free speech strangled by hordes of furious men who in their secret hearts are still at one with those speakers—as earlier—but do not dare to say so. And now the whole nation—pulpit and all—will take up the war cry, and shout itself hoarse, and mob any honest man who ventures to open his mouth; and presently such mouths will cease to open.

Next the statesmen will invent cheap lies, putting the blame on the nation that is attacked, and every man will be glad of those conscience-soothing falsities, and will diligently study them, and refuse to examine any refutations of them; and thus he will by and by convince himself that the war is just, and will thank God for better sleep he enjoys after the process of grotesque self-deception.

The AAA Challenged

Action was taken July 16 on the two issues mentioned in the article about the AAA in the last issue of THE AMERICAN OBSERVER. The Senate passed by a two-vote majority an amendment permitting price fixing by the secretary of agriculture, when he has the support of half the handlers of any commodity covered by the bill. Members of the Senate asserted that if the old AAA was not constitutional, this would also be vulnerable.

This consideration was made even more important when later in the day reports came in from Boston that the Federal Circuit Court of Appeals had ruled the processing taxes were illegal. The objections were roughly the same as those of the Supreme Court in the Schechter decision concerning the NRA. First, that the national government does not have the right to regulate products which are not directly

in interstate commerce. Second, Congress illegally delegated the power to tax.

Both the government and members of industry have expressed a desire to take this to the Supreme Court as quickly as possible in order to eliminate uncertainty. Meanwhile there is a bill before Congress to make it impossible for businesses to recover processing taxes already collected. The AAA has expressed the intention of continuing to collect these taxes, although it recognizes that this action will be strongly resisted. Already over 150 suits have been started in resistance of tax payment, and the number is constantly increasing.

Food Bill Boost

Proponents of a bill over which much controversy has been raised received a new argument last week to aid their cause. The bill is the Copeland food and drugs bill, already passed by the Senate and now pending in the House of Representatives. The new argument for its passage came as the result of several Pacific Coast women going blind after taking dinitrophenol, a new fat-reducing drug. The Copeland bill carries a provision under which this drug, as well as other dangerous ones, can be removed from the market.

Jellied Gasoline

At the Guggenheim School of Aeronautics last week scientists cut themselves a piece of gasoline with a knife, put it on a hot plate with a flame underneath, set fire to it with a match, and blew it out with a puff of breath. This solid gasoline can run gasoline engines with slightly greater efficiency than the liquid that regularly propels motor cars and airplanes. It is a jelly-like substance which can be made as stiff as desired, and it will not burn well until it is liquefied. In order to use it, the motor must be started with regular gasoline until the exhaust manifold is hot. Then the jellied gasoline is heated, mixed with air, and fed into the engine. This new discovery will practically eliminate the danger of fires in airplanes. Even flaming bullets do not readily set fire to the jellied "soline." Furthermore, the use of it will reduce insurance costs where gasoline is now used, and it may be so easily handled as to lower shipping costs.

Long-Walmsley Fight

Huey Long has such a close control over the purse strings of the city of New Orleans that he almost succeeded in starving the "old regulars," headed by Mayor T. Semmes Walmsley, into submission. For some time all the city employees, except the fire and police forces, have been paid by the Federal Emergency Relief Admin-



HUEY LONG © Wide World

istration. The mid-July payroll exhausted the city's funds, and the city can get no more money without the permission of Long. For a day or so it seemed that the ward leaders were going to assist Long in getting rid of the mayor by getting a petition demanding his resignation from a majority of the voters. But at the last moment they balked at this plan. The precinct leaders who are nearer the people remained loyal to the mayor. Now things are at an impasse. Senator Long has control over the money but he cannot remove Walmsley.

Bar Association Meets

The extravagant publicity surrounding the trial of Bruno Hauptmann last winter was severely criticized by the American Bar Association at its recent convention in Los Angeles. "To treat a simple trial as a public show," the association declared, "as was done in the sensational trial of Bruno Hauptmann, is to cheapen life itself by causing people generally to undervalue the life of the criminal and to increase the morbid desires of sensation seekers."

To prevent the repetition of such a spectacle the committee recommended that a group of lawyers of outstanding ability and representatives of the main press bureaus, and perhaps the broadcasting companies, get together and make a study of the publicity surrounding criminal trials and devise a way of reporting trials to the public without disturbing the dignity of the courtroom.

Also discussed at the meeting were methods of running out the lawyer-criminals, and a suggestion that the 1,400 local bar associations be organized into effective units for fighting crime.

Labor Law Disputed

Now that the Wagner-Connery Labor Disputes Act is law, both labor and capital are squaring off before the fight to determine how effective it is going to be. Employers are asserting that it is not constitutional. The representatives of labor believe it is. But both are anxious to take it to the Supreme Court as soon as possible to clear up the situation. Meanwhile the Federal Trade Commission has made an announcement that 170 industries have made preliminary steps toward writing voluntary trade agreements.

William Green, president of the American Federation of Labor, last week sent out a pamphlet to all officers and members of the organization telling them to be firm in using the Act when they are sure they are in the right, but not to file charges unless they are positive of their ground, and to avoid industrial strife bred by misunderstanding and deliberate flouting of the law.

THOUGHTS AND SMILES

An inventors' congress offers a list of 50 sorely needed inventions. We see nothing in it of a nonrattling saber.

—Des Moines REGISTER

First, news print is made of wood, and then presidential timber is made of news print.

—Detroit FREE PRESS

A modern food expert is one who can look at a calf and tell how many chicken sandwiches it will make.

—Publishers' AUXILIARY

The happiness of men consists in life. And life is in labor.

—Count Tolstoi

One real trouble with holding companies is that so many of them did not hold anything.

—Chicago DAILY NEWS

And when the early Americans objected to taxation without representation, they didn't realize how much worse it would be with representation.

—Dallas MORNING NEWS

Every man has a right to his own opinion, but before radio became an industry he could bore only a few people at a time with it.

—LIFE

Most of the luxuries and many of the so-called comforts of life are not only indispensable, but positive hindrances to the elevation of mankind.

—Henry Thoreau



"I THINK I'LL PLOW UNDER EVERY THIRD PARSNIP"

—LIFE

Some of the Arizona Indians do their painting at night. This explains why their output so closely resembles the work of the modernists.

—Waco TIMES-HERALD

Let him that would move the world first move himself.

—Socrates

Things that are better said in another way: "A New York convention speaker declares that business women are becoming broader."

—Ashland (Ky.) INDEPENDENT

Judges of track form expect Japan to do well in the '36 Olympics. Going over the Great Wall of China is marvelous practice for a low hurdler.

—MORNING OREGONIAN

One difference between the President and Vice-President is that when the latter goes on a fishing trip nobody knows it.

—LIFE

Our Constitution is in actual operation; everything appears to promise that it will last; but in this world nothing is certain but death and taxes.

—Benjamin Franklin

A horticulturist has produced a new flower which he has named "Prymcaeticillus dichmylla." He does not, however, think it will be a pronounced success.

—PUNCH

It would be nice if we could have some criticism of the government from somebody who had just been hired, instead of from somebody who had just been fired.

—Boston TRANSCRIPT

An engineer says air-conditioning is of modern origin. What about the doughnut?

—Washington POST

"Most of the men who whistle at their work are big men." Yeah; it takes a big man to get away with it.

—Salt Lake DESERET EVENING NEWS

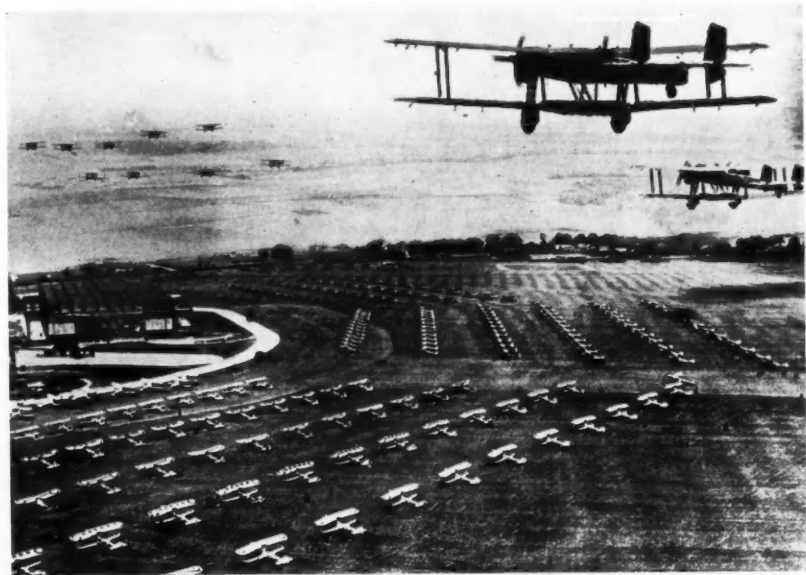


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THE PORT OF ST. THOMAS IN THE VIRGIN ISLANDS

President Roosevelt ordered that the investigation into the administration of the Virgin Islands be dropped after bitter feelings were shown among officials.

AROUND THE WORLD



ENGLAND MASSES HER PLANES
Some of the 360 English airplanes which took part in a rehearsal for the King's Jubilee Air Review.

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Geneva: World unemployment persists without any important change, according to the latest quarterly report of the International Labor Office. In the 29 principal industrial countries which are covered by the report, the minimum unemployment now stands at 20,461,000. Last year, at the same time, it was 20,385,000.

Unemployment seems to be rising, generally, in those countries which cling to the gold standard, the nations of the "gold bloc," and the improvement has been most noticeable in countries using sterling silver rather than gold as the basis of their currency. But the Labor Office cautions against making any generalizations on the gold-silver division, because the figures are necessarily incomplete and much more carefully gathered in some countries than in others.

The only large decreases in unemployment are in countries which are mobilizing for war preparations. In Germany and Italy many of the jobless have been drawn either into the army or into the munitions industry. Germany's unemployed, for example, fell from 2,500,000 to 2,020,000, and at the same time 186,000 men were given jobs in Italy. Many will be surprised by the figures for the United States, although it must be remembered that we do not yet possess adequate public records of our unemployment. According to the Labor Office, 11,500,000 men were unemployed in April of this year, as compared with 10,905,000 in April of 1934.

* * *

Portugal: The rumor that Portugal's colonies in Africa were the subject of discussion between Captain Anthony Eden and Adolf Hitler, and that the great powers might want to quiet Italian and German ambitions for African territory by letting them confiscate Portugal's, has had an electrical effect in Lisbon. Portuguese newspapers loudly protested that the administration of Portugal's colonies would stand favorable comparison with any other colonial administration. Meanwhile, the Portuguese legation in Paris issued the following official statement, to serve notice that Portugal's colonies were not to be put on the bargaining counter by anyone: "The Portuguese African colonies cannot be the subject of any negotiation. . . . Portugal has exercised sovereign rights over its colonies for centuries and the government and the Portuguese people know how to defend them—until the last." How Portugal proposed to defend herself from any serious aggression from Germany or Italy, beyond making the same kind of appeal that Ethio-

opia made, the Portuguese dispatches do not say.

Portugal, whose area of 35,000 square miles, is only a little larger than the state of Maine, has a vast colonial empire of over 900,000 square miles. Her African colonies, Cape Verde, Portuguese Guinea, St. Thome, Principe, Angola, and Mozambique, have a combined area of 800,000 square miles, and are rich producers of coffee and rubber.

* * *

France: The death on July 12 of Alfred Dreyfus has brought into the news once more an infamous case of social injustice that developed over 40 years ago. In 1894 Dreyfus had just been appointed a captain on the general staff of the French army in recognition of his brilliant work. He was the first Jew to attain such prominence in the French military world. His appointment was resented by some of his aristocratic colleagues. On mistaken and forged evidence he was convicted of treason by a secret court martial, and sentenced to life imprisonment on Devil's Island.

Almost 10 years passed before the forgery was uncovered and Dreyfus' name was entirely cleared. But during those years feeling ran high, and the "affaire Dreyfus" split parliament, political parties, and even families. On one side were the strong patriots who were carried away by the accusations of treason, false though they were, and those who hated the Jews. This side consistently repressed the facts and made life difficult for the people who insisted on examining the evidence. On the other side were those who believed in reason and a fair trial, including many of the republic's greatest writers and artists, but they also let their feelings run high in argument.

Dreyfus himself never said that he was a martyr to racial prejudice, but it is in that role that he will go down in history. Several newspapers ran editorials over the week-end, pointing out that we are today in danger of letting strong patriotic feeling and race prejudice run away with our reason and our sense of justice, as they have so often in the past.

Great Britain: Now that the Eden mission has returned, and England has been unable to discourage Premier Mussolini's plans for an African war, a significant split has developed in British public opinion. British officials, on the one hand, are making a desperate attempt to keep the dispute before the League of Nations. The Foreign Office, to conciliate Mussolini, has made several statements to the effect that, after all, Italy would make the best colonizer of Ethiopia. They admit that the Italian premier may have a "civilizing mission" in Africa. And they have shifted their emphasis from denunciations of Italy's policy to attacks on the "barbarism" of the Ethiopians. In general, the Foreign Office has become pro-Italian, in order to make Mussolini feel that he could make just as substantial territorial gains by League arbitration as he could by war.

Another section of British opinion is becoming more and more indignant at Mussolini's aggressive attitude. Many British youths attempted to enlist in the Ethiopian army by sending their names to the Ethiopian legation in London. So far, however, the Ethiopian minister has been afraid to commit himself by accepting any army volunteers in England. Apparently the Ethiopians still hope that the great powers will intervene to force Mussolini to arbitrate and to state his grievances before the council of the League.

One party, then, is concentrating its attention on the justice of Mussolini's demands. They are trying to settle the dispute as if it were a case in international law, and wondering why the Italians and Ethiopians are not more reasonable. In general, this party opposes Mussolini's ambitions. The other, or official, party, is more interested in saving the face of the League, rather than determining which nation is "right" and which is "wrong." They are willing to support Mussolini's claims, as long as they are made before the League. If Italy and Ethiopia go to war, and they probably will, one outcome will be a very serious disturbance in British internal politics. With a general election in the offing, Prime Minister Baldwin has his hands full trying to make Great Britain's foreign policy representative of both sections of British opinion.

* * *

Russia: The Russians celebrated their national holiday, the thirteenth anniversary of the Soviet Constitution, five days after our own Fourth of July. Past celebrations were marked by a strong political and propagandist tinge, but this year the Soviets decided to make their holiday a real carnival, and Moscow was gay with music, masked balls, fireworks, and parades. In fact, the carnival atmosphere was established by law. The city authorities stationed censors at the entrances to the Park of Public Rest, to see that everyone was

having a good time and was free from gloomy thoughts. One man appeared at the park in a skeleton costume, to symbolize the cruelty and devastation of war. He was sent home, with an order to change his clothes, and not to forget that the anniversary was a day of joy.

During the celebration, the government announced that Moscow was about to undergo a thorough rebuilding, which would make it a city of parks, boulevards, and lights, instead of a wilderness of winding streets and picturesque mosques. The housing shortage in Moscow has been particularly acute, now that the population has increased to 3,600,000. But the Soviets promise that, by 1945, Moscow will be a comfortable, modern home for 5,000,000 people. One landmark, however, will survive—the ancient fortress of the Kremlin, which has seen Moscow invaded, burned, and plundered many times since the city was founded in 1156. Josef Stalin, Russia's present dictator, has been living in the Kremlin, and believes that despite its darkness and gloom, it is worth preserving.

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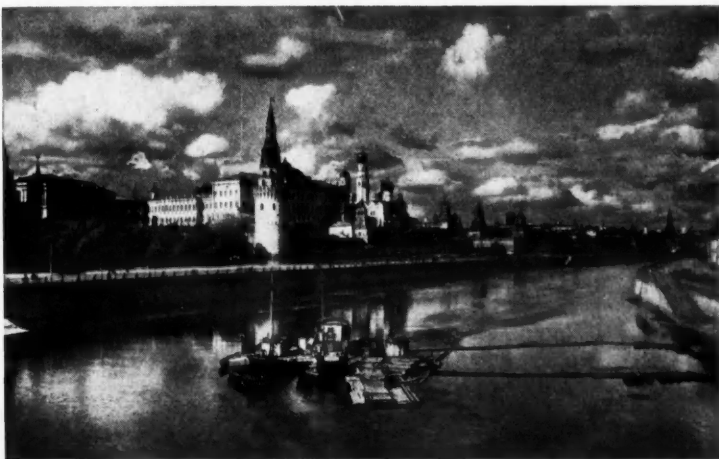
Ethiopia: The International Red Cross is urging Emperor Hailé Selassié of Ethiopia to adhere to the Geneva Red Cross Convention of 1929. Otherwise it is feared that the British and American divisions of the Red Cross will not be sent to Ethiopia in the event of an Italo-Ethiopian war.

This convention provides that "Military and other persons officially attached to armies who are wounded or sick must be respected and protected in all circumstances. They shall be treated with humanity and cared for without distinction of nationality by the belligerent who has them in his power."

Unless Ethiopia signs the convention, and allows foreign Red Cross units to work under an Ethiopian division of the Red Cross, there would be no protection for the Red Cross nurses and ambulances against gunfire, either on the Italian or on the Ethiopian line. If there are not mutual guarantees to respect the Red Cross, the Geneva authorities insist that the war would be completely barbarous, worse in this respect than any that has been waged in the last 71 years.

Emperor Hailé Selassié and his predecessor, Emperor Menelik II, were unwilling to sign the convention because both feared that they could not get their subjects to respect it. The emperor still believes that it would be difficult to enforce such stipulations in Ethiopia, a country whose laws punish thieves by amputation of their hands and whose armies have always mutilated prisoners as a matter of course. Also, he has expressed the opinion that if he signs the convention now, after refusing for so many years, it might seem an admission that war is inevitable. The Red Cross, on the other hand, believes that if the convention is not signed before hostilities begin it will never be signed, and that the war threatening between Italy and Ethiopia will be one of the most savage wars in modern history.

Meanwhile the emperor's failure to sign the convention has gone far to cool the enthusiasm of the Italian rank and file for an African war. But Mussolini, believing that his influence is at stake, cannot easily yield.



THE KREMLIN IN MOSCOW

© Ewing Galloway

Public Opinion in the Making

We Agree to Trade

For many years commercial relations between the United States and the Soviet Union have been limited by differences in political government and failure to adjust war claims. The New York *World-Telegram* sees much common sense in fostering trade and abandoning restraining differences of opinion:

Under the new Russian-American agreement Russia promises to buy more American goods in the next twelve months—\$30,000,000 worth, or more than double her current purchases, is the informal estimate—and the United States agrees to grant Russia the same tariff concessions it has made to other countries, or may make during the next year. Our tariff concessions to Cuba are excepted.

The agreement properly does not mention Soviet-American claims. It is a straight business deal and rests on its own bottom.

We are beginning to face facts, after more than fifteen years of shadow boxing with Moscow.

While we haggle, Britain, France, Germany, Italy and other countries, to whom Russia owes \$10 for every \$1 she owes us, were walking off with her trade. With them business was business.

From between 100 and 114 millions a year our exports to the Soviet Union dwindled to an average of less than \$12,000,000—that, during the greatest depression in our history, when every shipload of sales abroad meant jobs for our unemployed.

"Increased imports of Soviet products into the United States," commented Ambassador Bullitt, "will provide the Soviet Union with greater purchasing power for American products." And he rightly concluded that here is at least a foundation upon which can be built a very profitable business between the two countries.

Promised Land

Encouraged by tremulous times, the consumers' cooperative movement is making rapid headway in the United States (*THE AMERICAN OBSERVER*, March 25). *Consumers' Cooperation*, a magazine for leaders and students of the movement, advocates widespread education to the advantages of cooperation as a cure for our social and economic ills:

Since 1914 America has been wandering in the wilderness. Our dying economic order has given birth to war, speculation and depression. Riches have multiplied in the hands of the few and millions have been forced down further into poverty. During this same period we have applied gas and electric power to our agricultural and industrial production and have built machines which operated automatically until both plenty and leisure are now possible for all.

Why is it that we still continue to wander in the wilderness of poverty and drudgery? It is not because of necessity. We produced an average of \$3,000 per family of four in 1929 and could have produced \$4,370 per family if we had used our technical knowledge and physical capacity to its limit according to the recent "Survey of Potential Produce Capacity."

We are at the gate of the "Promised Land" and are unable to enter because of our lack of spiritual development. We cannot enter alone. We are not willing for all to do so. We are still beset with the devil of selfishness. We do not really believe in "liberty and equality" for all as our forefathers expressed in the Declaration of Independence. Consuming power must be distributed as widely as consuming ability.

Again we wander in the wilderness because of our lack of national understanding of the technique of economic brotherhood. Probably 90% of American adults have not as yet even read or heard the words "Consumers Cooperation." Cooperation has been bandied about as a general phrase as has the word, "Service."

There's no necessary reason for America spending another twenty years wandering in the wilderness as the Israelites of

old, if we are but willing for everyone to enter in and energetic enough to teach others more rapidly.

Rural Electrification

Rural Electrification Administrator Morris L. Cooke pushed forward his drive to renovate American farm life. He declared:

A survey of the Mississippi Valley discloses that seven farms have automobiles and four farms have telephones for each farm that has electricity. If ever there was a time that conditions were favorable for the extension of electrification to the farm and rural areas of the nation, that time is now. Commodities that are essential in this work are at a low price level. There is an opportunity for mass or area construction as against the piecemeal construction which prevailed heretofore. Money can be obtained at low cost. Lumbering, copper mining, glass, radio manufacturers, refrigerator builders, equipment producers and other interests will benefit from this new program.

Confiscating the Machines

Because of their involved nature the federal taxation plans have aroused much comment from the newspapers. The *Detroit News* contained this editorial on statements made by Henry Ford:

President Roosevelt's proposed inheritance taxes involve, after the addition of the estate taxes, appropriation by the government of up to 80 per cent of great fortunes. Now read these questions:

"What will the government do? Will it come and confiscate 200 stamping machines and a couple of furnaces and a block of buildings? How else can you divide up a business? . . . If they divide up the plant and the organization, what will they do with it? Can they use it? . . . the wealth is not the money, but the machine and its useful product."

Because they constitute an excellent editorial statement we appropriate the foregoing from the remarks of Henry Ford in his interview with the *Chicago Tribune's* roving correspondent, Philip Kinsley.

Lacking the directing brains and the freedom of business action private enterprise possesses, the government could not use those machines and furnaces. They would soon fall idle and go to ruin. In the cases of going industries, the wealth is not the money and is the machine, its useful product, the directing brains—and employment for thousands of men supporting thousands of homes and families.

Supreme Court

The many short-sighted people who would change the established form of government to meet their immediate needs are rebuked by the *Kansas City Star*:

Sporadic attacks upon the United States Supreme Court for its decision holding the national recovery act unconstitutional continue from a few sources that still lay loud claim to the title of "liberal." Their evident hope that the case would produce a general uprising against the court has long since proved a delusion and the chief significance of this guerrilla warfare lies in the light it throws upon the mental processes of certain self-styled defenders of liberty.

To the list of those who seem to forget all about the protection of human liberties, when dictatorial methods offer a chance to accomplish some pet scheme of their own, should be added the Americans who would pack the Supreme Court or abolish its authority to interpret the Constitution in order to further some political project of their own.

The constitutional isolation of the Supreme Court from politics is threatened from another source. It has been hinted that one of the justices might be made a candidate for president. The *Cincinnati Enquirer* says:

Senator Borah not only has written eloquently of the dangers involved in considering a presidential candidate from the Supreme Court personnel. He has put his case in such logic that a person or group advancing the candidacy of a justice is open to the charge of undermining the Constitution.

For the integrity of our great charter, we must have a firm tradition of the complete independence of the judiciary and also a universal respect for the motives of the men who constitute it. We cannot have those things if men are to be offered political preferment, or even considered for it, because of their decisions as justices.

Rural Resettlement

From the *Baltimore Sun* comes a stern criticism of the Rural Resettlement Administration. The *Sun* believes that, like some other New Deal agencies, the administration means well but is proceeding from an impractical standpoint.

Like Topsy, it would seem, the Rural Resettlement Administration has "just grown." A few weeks ago no one had even heard of this particular reform agency. But now it is discovered that it has all along been working quietly in Washington and "in the field" and has been growing, just as quietly, until today it has 6,090 employees on its payroll. This shows again what a young man with an idea and plenty of money—the RRA has \$91,000,000 to spend—can do if given half a chance.

Professor Tugwell is the young man with the idea. He purposes to use the \$91,000,000 in redistributing the submerged farm families of the country. Those who are living on sub-marginal lands are to be moved to other sections where, according to the RRA sponsors, they will be better able to support themselves. Subsistence settlements or colonies are to be created. Factories are to be erected to give the redistributed families part-time employment—that is, if enough factories



HE HAS MORE THAN ETHIOPIAN SOLDIERS TO FIGHT
—Carmack in *CHRISTIAN SCIENCE MONITOR*

can be attracted to these colonies by means of subsidies or other inducements. For the rest the homesteaders will supply their own wants from their own gardens and their own cows.

How long would \$91,000,000 last? A single homestead at Reedsville cost \$4,600 to put together, according to a reckoning made by Secretary of the Interior Ickes. The total allotment of the RRA would provide homesteads for only 20,000 families at this rate, although on the basis of the definition used by the New Dealers themselves there are probably three to six million submerged families in the country. Nor does this figure provide for tools or furniture or community expenses such as sanitation and police protection. Indeed, \$91,000,000 would probably not take care of 10,000 families, even if we were to suppose that the 6,090 employees of the RRA were to forego their salaries and that Professor Tugwell might somehow manage to get his administrative work done for nothing.

Challenge to Religion

What is the weakness in America today? It can hardly be denied that the people lack the humble fortitude of their ancestors who conquered a continent and built the foundations of a world power. The world changes, and character has to a large extent been replaced by material ideals. Edmund A. Walsh, writing in *The Annals*, publication of the American Academy of Political and Social Science, sees a definite challenge to religion:

In the immemorial pursuit of progress, we have achieved in this country a civilization which supplies the pattern, the criterion, and the very definition of material success, but which in point of demonstrated fact has been so overdeveloped on its physical side that the spiritual and moral factors of life remain dwarfed and stunted through undernourishment.

The resulting social edifice lacks soul, since so much of our effort has been expended in adorning the body of society. The structure, in consequence, lacks proportion and the cohesion of planned intent. The specifications ran away with the architect and beguiled him into meretricious ornaments on the facade, to the detriment of the unseen and therefore more prosaic walls and foundations. The builder—capital—is bankrupt; the tenants, the people, are faced with foreclosure by a banking system which had to be taken over by a government which itself is confronted with a gigantic deficit that can only be levied from a dwindling community of taxpayers already on dole from a nonexistent budget which is being increased with every session of an inflationistic Congress.

Character is the keystone of the arch which sound religion aspires to erect in the souls of her sons as her best contribution to human betterment. And like the apex of the arch, character must be hewn from living rock, from the secret, inaccessible recesses where dwell your spiritual ideals and your intellectual aspirations. Instruction, information, knowledge, wisdom, character—but the greatest of these is character, whereon rest the pillars of the world.

The challenge is not for religion to lower its standard or change its course, but to dare to hold them both unchanged. In a word, the challenge to religion arises from religion's own attitude to a world in travail. If religion falters or pleads expediency, both are lost.



THE NEW STRONG MAN
—Herblock in *Winfield Daily Courier*

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Among the New Books

"The Treaty of Versailles and After," by Lord Riddell, Arnold Toynbee, C. K. Webster, Denis Saurat, Baron von Rheinbaben, Forges Davanzati, Mrs. M. Tappan Holland, the Marquess of Reading, and Sir Norman Angell (New York: Oxford University Press. \$1.50).

The group of distinguished authorities who collaborated on this little book had an advantage in writing of the Treaty of Versailles which few other historians ever enjoyed. The treaty is going through a crisis. Its disarmament provisions have been repudiated by Germany; the League of Nations whose covenant was established at the peace conference is faced by its most serious problems—the defection of Germany and Japan, and the threatening attitude adopted by Italy during the Ethiopian dispute. As Professor Toynbee says in this book, "Our present interest in reexamining the peace settlement of 1919 is a sure sign that this political pudding has not agreed with us as well as we expected when we swallowed it whole."

The book is divided into three parts. Lord Riddell and Professor Webster, in the first part, give a vivid picture of the scene and problems of the conference. The second part is Professor Toynbee's explanation of the terms of the treaty, regarding disarmament, territorial arrangements, and the League of Nations. And the last part gives the reaction of leaders in different countries to the state of the treaty today. All have written as simply and briefly as they could, and the result is a joint study of great value to anyone who wants to inform himself on the character and the history of Europe's great post-war effort to settle the problems of war.

"Chopin: His Life," by William Murdoch (New York: Macmillan. \$3).

William Murdoch was well qualified to write the biography of the great Polish composer, Frederic Chopin, for he is one of the most distinguished interpreters of Chopin's music on the contemporary concert stage. Also, it was time for a new biography of Chopin. The last comprehensive one, the Niecks biography, appeared in 1888, and a great deal of new material on Chopin's life has been uncovered since then.

The outlines of Chopin's short life are well known. He was born in Warsaw in 1809, became in his early years a piano virtuoso, took Paris by storm, and in spite of bad health lived long enough to revolutionize the art of writing for the piano. Mr. Murdoch tells the story with affection and charm, explaining, justifying, but not too much to mar the truth of his picture. He plans to write a companion volume on "Chopin: His Music," so most of his attention in this book is directed to Chopin's character and history. But there

is some comment on the music as well. Mr. Murdoch emphasizes what many of us are apt to forget, that the foundations of modern "chromatic" music, employing tones outside of a given key and sketched by Bach almost a hundred years before Chopin was born, were first extensively developed by Chopin. He was far more than a writer of sentimental parlor pieces. He was, and is, a great musical figure, and anyone studying music and its history will find in Mr. Murdoch's biography a useful key to his accomplishment.

Hapsburgs Looming Again over Austria

(Continued from page 1, column 1)

ambitions and safety do not hinge in some way on the fate of Austria. In this setting, the Hapsburgs' own future, colorful as it may be, is only a minor phase of one of Europe's chief post-war diplomatic problems.

Anschluss

Austria is now controlled by the monarchist faction, headed by Kurt Schuschnigg. This faction aims at the restoration of the Hapsburg rule. Its decision to end Otto's exile and return to him a great part of his confiscated wealth and property clears the decks for restoration. But Schuschnigg cannot act alone. He must wait for the proper moment, if he acts at all, and the proper moment will not come until he reaches some understanding with Germany, France, Italy, Czechoslovakia, and Yugoslavia. What will persuade these nations to accept a restoration of the Hapsburgs? What part do the Hapsburgs play in their own foreign policy?

First, there is Germany's desire for an "Anschluss." Hitler is aiming at the economic and military revival of the German people, both within and without the present frontiers of Germany. Directly to the south lies Austria, Germany's wartime ally and traditional friend, with a large German population. Austria is his first field for expansion, first, because it meets his racial and territorial requirements, and secondly, because it is weak, independent, and undefended. Hitler knows that many German Austrians passionately desire a union with Germany as an escape from their present weakness. Anschluss with Germany would mean a great and united nation. In the Danubian basin, the agricultural states, Yugoslavia, Bulgaria, Hungary, and Rumania, are excellent markets for German manufacturers, and if Hitler can unite Germany and Austria he would command the Danubian region. Moreover, it seems

possible that Hitler can accomplish this end without a war of conquest, if he can get the Austrians themselves to declare for union. That has been an integral part of his foreign policy.

If Austria restores the Hapsburgs, it will mean one of two things for the Anschluss. Fundamentally, the Hapsburgs do not want union with Germany, but the regeneration of the independent Austro-Hungarian empire, which was itself a well-united economic domain. Factories in the old empire were supplied with oil from Galicia, coal and raw materials from what is now Czechoslovakia, where the largest industrial developments had been built. Austria proper was the financial and commercial center of the empire. When the peace settlement dismembered Austria, it left the Austrians little more than a great metropolis, designed to be the New York or Chicago of an extensive agricultural and industrial area. The Austrians had Vienna, but the food and raw materials, the factories and oil wells, which supported Vienna, were now in the possession of new nations which had been Austria's subject peoples before the war and which promptly raised tariff barriers to free themselves from Viennese influence. Austria was a stranded metropolitan area. The Hapsburgs do not want to unite it to Germany, but to make it once more the center of an economic, and possibly a political, empire. If this policy predominates, the restoration would block the Anschluss, and would be opposed by Germany.

On the other hand, it may be that Germany can convince the Austrians that they have no chance to rebuild the Austro-Hungarian empire without German support. For the Czechoslovaks, the Yugoslavians, and the Rumanians, who profited by the dismemberment of Austria, naturally do not want to see that empire reestablished. They are stronger than Austria, and richer, and they can successfully oppose any attempt by young Otto or his mother to set up Austrian economic and political rule. These three nations, the "Little Entente," also have the support of France. They are her valued allies, and she has helped them to check German ambitions as well as Austrian. If Hitler can convince Austria that he is the only one who can reunite the old Austro-Hungarian empire, he will be able to use the restoration to further his own policy. At present these two possibilities remain in the balance. Hitler's position on the restoration will be determined by the Hapsburg policy on the Anschluss. For both Hitler and the Hapsburgs, the decision to throw in their lots together would be no more than a choice between evils, for Hitler's primary aim is a German-Austrian nation governed exclusively from Berlin, and the Hapsburgs' primary aim is the restoration of an Austro-Hungarian empire ruled by the Hapsburgs from Vienna.

The Little Entente

The Little Entente of Yugoslavia, Czechoslovakia, and Rumania has as its express purpose opposition to the Hapsburg restoration and to the Anschluss between Germany and Austria. These were the chief reasons for organizing the Little Entente as a diplomatic unit. All three nations know that an Anschluss, which would bring a great German nation into the very heart of their own territory, would give short shrift to any of their aims which stood in the way of its economic progress. Yugoslavia and Czechoslovakia have former German territory within their boundaries, and German subjects under their governments. They could not keep that territory or those subjects from a Germany which cut straight through the center of Europe. Accordingly, they have tried every means to stop the Anschluss. In this they have the support of France and the League of Nations, and in 1934 they buried their long animosity towards Italy, which also had designs on parts of their territory, in order to gain a new ally against the Anschluss.

On the other hand, all have been irrevocably opposed to a restoration of the Hapsburgs. M. Benes of Czechoslovakia and M. Titulescu of Rumania, the diplomatic leaders of the Little Entente, have

repeatedly said that any effort to restore the Hapsburgs would result in an immediate war. Their nations are built from territory taken from the old Austro-Hungarian Empire. Their people are its former subjects. If the Hapsburgs return to rule in Vienna, it will be only a matter of time before they are ruling Hungary as well, and a new Austria-Hungary would be the most direct possible threat to the Little Entente's independence and security. It could never regain its economic health without access to their industries and raw materials, and they feel that as soon as it possessed the necessary military power it would try to recover its lost territory within the bound-



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ARCHDUKE OTTO

aries of the Little Entente nations. Despite their fear of the Anschluss, they fear the Hapsburgs more. It is extremely improbable that the Czechs, Yugoslavs, and Rumanians would so revolutionize their foreign policy as to ally themselves with their old rulers, even to keep Germany, with its demand for their territory and their German subjects, out of the Danube Basin.

France

In many ways, France's relation to the Hapsburgs is the most complicated of all. Behind all French foreign policy there is the fear of Germany, and the determination to block its advance in every possible way. A Germany united with Austria would be a nightmare to the government in Paris, and to the French people who remember the horrors of world war invasion. The French have been able, through their wealth and their military power, to win themselves allies against German influence. They have been lending vast sums of money to the Little Entente, to keep them out of the arms of Germany. In 1931, they blocked a customs union between Austria and Germany, because it might have been a step toward the dreaded Anschluss which would create a powerful nation in Central Europe.

The French can be relied upon to take any step which gives promise of blocking the economic and military revival of Germany. But support of the Hapsburgs would be a difficult step for them to take. At the peace conference, it was the French who stood firmly behind the dismemberment of Austria-Hungary, and behind the overthrow and exile of the Hapsburg dynasty. Also, the French will have to shape their policy toward the Hapsburg restoration on that of their allies, Yugoslavia, Czechoslovakia, and Rumania. These alliances are a considerable factor in France's continental security, and France cannot afford to do anything to jeopardize them. The French may support the Hapsburgs, if that support is necessary to keep Germany out of Southern Europe, but it would mean a complete revision of their foreign policy and would be, at best, a dangerous makeshift. For at any moment, the French might be betrayed. The Hapsburgs, once secure, might unite with Germany, whose economic interests are so close to those of the Austrians, and destroy the whole basis of French security. France would once more confront the "Central

(Concluded on page 7, column 3)



CHOPIN'S BIRTHPLACE
Illustration from "Chopin: His Life."

The TVA and Our Power Policy

(Continued from page 1, column 4)

some cases running them out of business. Ought it to do this, even though private companies may be charging too high rates for their electricity?

This question, of course, has been the source of heated debate in American politics for a number of years. Lately, however, the conflict over this issue has become intensified. The administration seems determined to push forward with its power development of the Tennessee River and to use the electricity thus generated as a weapon over the heads of private companies. These companies, according to the administration, have too long charged exorbitant rates for their services. Unless the government actually goes into the business of manufacturing and distributing electricity, it is argued, it cannot prove to consumers how much they are being overcharged by the private companies. This is the motivating force behind the government's power policy in the Tennessee Valley.

Tupelo's Experience

The first town to use government power was Tupelo, Mississippi, which has about 10,000 inhabitants. The municipal power plant at Tupelo buys electricity from the TVA and then sells it to the people in the town. They are paying only half as much for their electricity now as they did before the TVA began supplying them. Moreover, the TVA has made arrangements with electric equipment companies whereby they will sell cheap standard equipment, such as refrigerators, heaters, and fans at a low price. As a result of these steps, the people of Tupelo are using twice as much electricity as they were before the advent of the TVA.

This is indicative of what can be done all over the country, it is contended, if private electric companies would be willing to accept reasonable profits. The TVA denies that it is losing money by charging such low rates. It claims to be paying all kinds of expenses that private companies would have to pay, including taxes, and it is also paying back the money the government puts into the business.

Thus it seems that the administration is going into the power business in a fairly big way. In addition it is attempting to stimulate municipal ownership of power plants. It claims that it does not desire to drive out of business those private companies which charge reasonable rates. The President contends that no community is going to vote for municipal ownership if it is being furnished electricity at a fair price. But he thinks that private companies will be more likely to charge lower rates if the threat of municipal ownership and government competition confronts them.

Many believe that the government's power policy cannot but lead to public ownership of power facilities on a wide scale. They do not see how it will be possible for private companies to compete with government rates when the government is able to develop whole water systems. By harnessing water power on such a vast scale, it is said, the government can produce electricity much cheaper than private companies could even if they were willing to cut their profits to the bone.

But this is no reason, it is argued, why the government should not go ahead with its program. If it can lighten human burdens by mak-

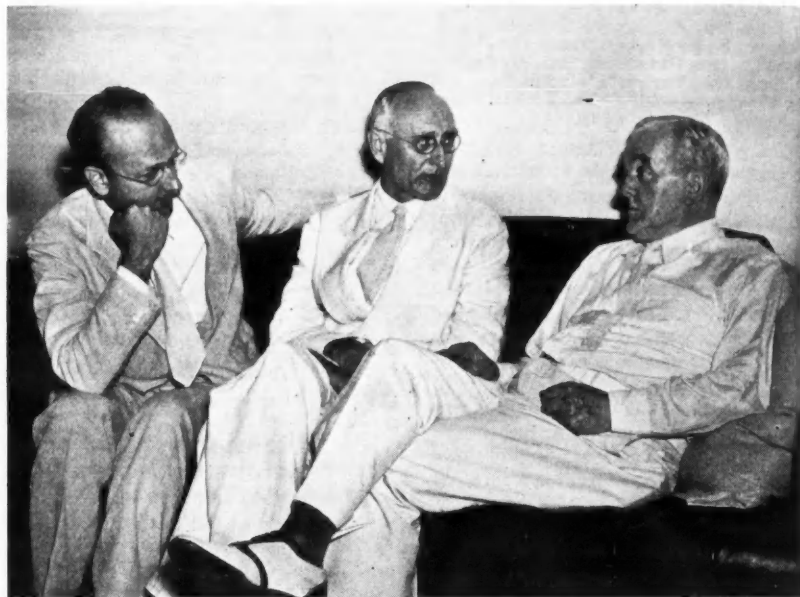
ing it possible for people to use more electricity, why should it not do so? Our country is possessed of far richer natural resources than those of Canada, the argument continues, and yet the average Canadian household uses twice as much electricity as the average American family. They are able to do so because rates are so much cheaper in Canada. In Ontario, where public ownership of power facilities prevails, the average price of electricity is only about one-third as high as the average price in this country.

Against Government Ownership

Thus far we have presented one side of the picture—the arguments in favor of the government's going into the power business in order to give the people cheaper electricity. There is, of course, another point of view to which very many people adhere. The great power companies naturally are opposed to competition by the government, and they are waging a determined fight to check the movement for production of power by the federal government and the movement for municipal ownership of local power plants. Account must be taken of the fact that these power companies have a selfish interest in the matter, so their arguments may be discounted to a large extent. On the other hand, there are many people who have no special interest in the determination of this question who yet oppose the entrance of the government into the power business on a large scale. Here are some of the arguments which they advance:

It should not be the function of the government to go into business in competition with its citizens. Unless we are to create a socialist state, private initiative should be protected. The government, with the vast resources at its disposal, could, perhaps, go into competition and drive any manufacturer or merchant out of business. But, in the long run, the country would suffer through the establishment of government monopolies.

The government could still retain the power to regulate and prevent unjust practices by business men. In the case of public utilities, such as the industries producing and distributing power, it could even fix prices as it has already fixed railway rates. It would be better to have private business regulated by public authority, as the railroads are regulated, than to have government ownership and opera-



TENNESSEE VALLEY LEADERS

TVA authorities holding a conference with Senator Norris while the House passed the TVA bill. Left to right: David Lilienthal, member of the TVA board; Dr. Arthur E. Morgan, chairman of the board; and Senator George Norris.

tion. We are not faced by the alternative of private business with considerable selfish abuses on the one hand, and government ownership on the other. There is a third alternative, and that is private ownership with governmental regulation. If regulation in the power industry has failed in the past, it is not the fault of the system but, instead, of the general public for not insisting that regulatory bodies perform their duties properly.

Other Arguments

Even granting that the government may have handled very well the Tennessee Valley experiment, it remains a fact that governmental management of business affairs in the main has generally been inefficient. The Tennessee Valley Authority is comparatively free from petty politics and patronage. But it cannot be hoped that if the government should enter into the power business on a great scale, appointments to positions and ordinary jobs would be free from politics, because politics enters into nearly all branches of the government business. If we ever desire to put the government extensively into any kind of business, we should at least defer such steps until we have cleaned out the government service of petty politics and patronage.

Opponents of the TVA's power policy also take issue with the statement that this government agency has really proved itself to be a worthy yardstick for the determination of whether or not rates charged by private power companies are fair. These persons say that the government has yet to prove that it can charge extremely low rates for electricity and still make it pay. So far the TVA has been drawing its operating expenses from the public treasury; in other words, from taxes. Until it becomes entirely self-supporting, there will be considerable skepticism as to whether it is operating on a sound business basis. In fact, until it can do this, it is really not a true yardstick. The real test will revolve around that point.

Now for the constitutional issues involved in the government's power policy. We know, of course, that Congress can do nothing which the Constitution does not give it power to do. The Constitution, says Congress, may regulate commerce among the states. When Congress passes an act authorizing an agency of the government, the Tennessee Valley Authority, to manufacture and sell electricity, is it keeping within its constitutional rights? Is that a form, and a reasonable form, of regulation of commerce? Electricity, of course, is transmitted across state lines. Congress can regulate the rates which electric companies charge. As one way of regulating rates, can it manufacture and sell electricity so as to determine what rates ought to be charged? Congress thought this was a reasonable way to regulate commerce when it passed the TVA Act. The President thought so when he signed the act. But a federal judge in Alabama ruled otherwise a few months ago. He maintained that to allow the TVA to manufacture and sell electricity is stretching the commerce clause of the Constitution too far. What will the Supreme Court say on this question?

Social Experiment

In this article we have discussed only the power phase of the Tennessee Valley experiment, since it is the big issue of the moment. The furnishing of cheap electricity, however, is only part of a broader plan which the TVA is sponsoring in that region. It is making an exhaustive study of the social conditions and needs of the people. It is making a survey of the natural resources, and the Valley, incidentally, possesses an abundance of important minerals. Steps are being taken to preserve the fertility of the soil, to control floods, and to develop new industries.

Many students of this experiment believe that the government is merely wasting money and time in the Valley. They argue that the government cannot and should not attempt to plan the way of living of a large section of our population. Others, however, adopt a different position. They point to the abject poverty of the mountain people in the Valley, to say nothing of the people who live on worn-out soil, of those who live in coal-mining areas which are either partly or wholly inactive, and of those who slave on plantations barely eking out an existence. None of these people know how, acting individually, to improve their hopeless plight, it is argued. Their only hope of ever enjoying a decent standard of living, it is contended, is for the government to lead the way.



—TVA Photos
NEW STANDARDS OF LIVING IN RURAL COMMUNITIES ARE BEING MADE BY THE TENNESSEE VALLEY AUTHORITY

Lobbying Activities in Holding Company Fight Under Investigation

WHILE the public at large may have remained blissfully ignorant of the specific differences in the House and Senate bills regulating holding companies, it did not miss one important sidelight of the fight which was brought so dramatically into the open. The influence of lobbying, both for and against the particular measure which had the President's strong personal endorsement, became the subject of a hot debate throughout the country, and is now the subject of separate investigations by both the Senate and the House of Representatives. Once more, the American public will witness the spectacle of an investigation of lobbyists who, during the long course of our political history, have played such a large, though unsavory, role in the great game of politics.

An Old Game

Lobbying is almost as old as American politics. The existence of a horde of lobbyists—lately more commonly known as legislative agents, legislative counsel, public relations counsel, and other names less offensive to the sensitive ears of American citizens—is a fact known to every school-boy as well as every senator. Lobbyists hold forth at every state capital as well as in Washington, constantly attempting to influence legislation according to the interests of the special group they represent. When their tactics become too objectionable, or their activities cause too much of a furor, an official investigation, like the present one, is called for. And that is about as far as the matter goes. Legislation may be passed with a view to eliminating some of the abuses of lobbying, but when the excitement dies down, the lobbyists are ready to go about their work as before.

In the minds of most people, lobbyists are associated with big business interests. Their function is to work constantly for the enactment of legislation which will benefit big business and the defeat of such bills as are considered inimical to the business community. Such a conception, however, is not entirely correct. No such narrow construction may be placed on the term. As the late Senator Caraway, who was in charge of one of the great lobby investigations of our history, defined lobbying, it is "any effort to influence Congress upon any matter coming before it, whether it be by the distribution of printed matter, appearance before committees of Congress, interviewing or seeking to interview individual members of the Senate or House, or by any other means."

New Technique

In this broad sense, lobbying activities involve many more individuals and organizations than is generally recognized. There are good lobbies as well as bad lobbies—lobbies which sincerely seek to procure legislation designed to promote the general

welfare as well as those whose purpose is to work for the benefit of special interests.

Today, the technique of the lobbyist is as different from that of his forerunner as the automobile from the old oxcart. No longer does the man who wants to influence a certain piece of legislation strive, single-handedly, to attain his goal, either by offering bribes, threats, social position, or mere persuasion. He has at his command facilities which are much more effective. He musters all the agents of propaganda, the newspapers, the radio, the telephone, and the telegraph, to bring pressure to bear upon members of Congress, the while using what personal influence he has in the capital. Thus, when a highly controversial piece of legislation is before Congress—such, for example, as the holding company regulation measure—congressmen are swamped with telegrams, letters, telephone calls, from their constituents, requesting them to vote either for or against the bill. The lobbyists have done their work. They have done everything possible to induce the people to urge Congress to act according to their wishes. The flood of telegrams which greeted Congress the day the World Court was to be voted on is a case in point.

Many of the lobbyists who seek to influence legislation by contacting Congress directly are men well-grounded in the art of politics. A good number of them are former members of the House and the Senate, men who have been defeated at the polls and have stuck out their shingles as lawyers. These men are personally acquainted with members of Congress, know which strings to pull, and otherwise to get what they want. Often an administration avails itself of the services of some of these men, setting them up as "contact" men between the White House and the Capitol. In the recent fight over the holding company bill it was the activities of these special emissaries, as well as the activities of the so-called utility lobby, which drew so much fire and which are now being investigated by the special congressional committees.

The extent of the activities of the utility lobby in the holding company battle will not be known until the investigations have been completed. However, the first few days of the Senate inquiry revealed a number of interesting things about the technique of lobbying in an era of advanced communication facilities. In testifying before the Senate group, Philip G. Gabsden, chairman of the Committee of Public Utility Executives, admitted that his organization had spent \$300,000 up to June 30 in its attempt to defeat the administration bill which would have sounded the death knell for the holding companies. Mr. Gabsden also admitted that other organizations opposed to this legislation must have spent



A PICTURESQUE VIEW OF SALZBURG, AUSTRIA

considerable sums for the same purposes, organizations of investors, stockholders, and utility companies themselves. According to the testimony brought forward at the investigation, this money was spent in order to "offset the terrific bombardment by the government in support of the bill," and to "impress upon congressmen that the sentiment back home was against the bill."

Utility Lobby

It was brought out further that one utility company interested in the defeat of the bill sent out 115,000 letters urging stockholders and others to write or telegraph their senators or congressmen. This particular technique has proved singularly effective as a lobbying device in recent months. Moreover, the services of a special publicity firm were obtained to further the interests of the holding companies, it was brought out. This company "informed" private companies of the dangers of the legislation, urged officials to do all they could to protest against its enactment. Newspaper articles were prepared by these agents and distributed throughout the country, and a considerable sum of money was spent on advertising the evils of the proposed legislation. Similarly, the radio was used by representatives of the utility companies in the attempt to defeat the bill.

To what extent the Roosevelt administration lobbied in order to bring about passage of the holding company bill has not yet been revealed. Fairly serious charges have been brought against the administration on this score. It was held, for example, that Thomas O. Corcoran, counsel for the Reconstruction Finance Corporation, and a close adviser of the President, approached Representative Ralph O. Brewster, Republican of Maine, and told him that the funds for a public works project in his state would be cut off if he failed to vote for the bill which the administration supported. Other strong-arm methods are said to have been used by agents of the administration in the struggle.

Whatever facts the present investigation may bring to light, it is extremely unlikely that anything really effective will be done to check lobbying and lobbyists. True, some piece of legislation may eventually result from the inquiry, but, unless all precedents prove meaningless, lobbyists, good and bad, will continue to come and go as they have for almost a century and a half.

HAPSBURG RESTORATION

(Concluded from page 5)

Powers," against which she had in 1914 to fight for four devastating years, with the support of almost the whole civilized world. Everything for which she fought then, and has tried to preserve through the League of Nations and alliances since, would vanish overnight.

The case of Italy is somewhat different from that of the Little Entente. Mussolini has less to fear from the Hapsburgs than from the Anschluss, which would bring Germany, rearmaged and powerful, down to Italy's doubtful post-war frontier. The

establishment of the Anschluss would endanger all the territorial gains which Italy made after the war at the expense of Austria, and would challenge her rule over the German-speaking populations within Italian boundaries. Italy, as well as the Little Entente nations, would feel her safety at stake if the Germans controlled Austria. And her bargaining position on the continent, which rests on a balance of power, would be upset if Germany regained commanding influence.

A restoration of the Hapsburgs, on the other hand, might conceivably be in Italy's interest. For the Hapsburgs, with Italian support, could block the Anschluss more effectively than Italy alone can block it. It is already being rumored that Italy is behind the move to restore the Hapsburgs. When Otto and his mother visited Rome last year, and there were conversations between Zita and King Victor Emmanuel about the marriage of an Italian princess to Otto von Hapsburg, these rumors were considerably strengthened.

But there are serious disadvantages in the plan. In the first place, it would put an end to Italy's friendly relations with the Little Entente, which is an important market for Italian goods. And in the second place, it is not at all certain but that an Italian effort to put Otto on the throne would mean war with the Little Entente and Germany at the same time. Also, it is unlikely that Mussolini would undertake an extensive campaign in Africa, shipping a great part of Italy's armed forces across the Mediterranean, if he planned to take decisive action in Austria. Italy is the most likely candidate for a foreign intervention to restore the Hapsburgs, but even Italy's position is by no means clear.

The Future

This much is certain. The Hapsburgs will not be restored without the support of at least one foreign power, whether that power is Germany, Italy, or France. In any case, they will be chosen as the lesser of two evils, because there is no nation in Europe that can afford to give them unqualified support. The government decree has cleared the stage for action. If the moment strikes, the Hapsburgs can be restored without delay. What that restoration will mean depends, at bottom, on the motives and the countries behind it. The chance is strong that it will put an intolerable strain on the peace and territorial settlements of Europe, and draw a question mark over the post-war map that was drawn 16 years ago at the conference tables of Paris. Any nation which plays the dangerous game of supporting a Hapsburg restoration runs the risk of embroiling Europe in war, and any nation which depends on the Hapsburgs to carry out its own foreign policy may find that this old family, with its historic ambition to dominate the whole continent of Europe, is an instrument full of uncertainty and peril. On the other hand, the Hapsburgs might be restored with enough safeguards, new military alliances, and pressure from anti-monarchist political parties in Austria, that the situation in Central Europe would be too tense for anyone to risk changing it. Such an outcome is possible, but it will require skill and a disposition to compromise.



THE HOUSE UTILITIES LOBBY INVESTIGATION

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AS WE have emphasized in previous discussions on this page, one of the significant social developments of the last half century has been the constant shift of population from rural to urban areas. The full im-

Concentration of population in metropolitan areas

portance of this trend is not revealed by an examination of the census figures, which classify all communities with a population of 2,500 or more as "urban," and those with a smaller population as "rural." In many instances, towns with a population large enough to be classified as "urban" represent a rural psychology and culture because of their geographic position, whereas communities with a smaller population, which are suburbs of metropolitan areas, should by no means be classified as rural. It is important, therefore, in studying the various aspects of metropolitan life, to use a more apt classification.

The extent to which the population of this country has been drifting toward the great metropolitan centers is clearly shown by certain statistical figures taken from the last three national censuses. In 1910, one-fourth of the total population was located in 39 counties, covering 23,243 square miles. Ten years later, this same quarter was located in 33 counties, with 19,270 square miles, and in 1930 in only 27 counties with 14,431 square miles. The concentration of people was even greater in actual numbers, since, during those years, the total population increased from approximately 92 million to nearly 123 million. If one looks at the figures covering one-half and three-quarters of the population, the same trend is discernible during those years.

This concentration has gone so far that at present roughly half the population of the country lives within the sphere of influence of cities having a population of 100,000 or more, that is, within daily access to one of these cities. A good many of the residents of these areas are classed as "rural" by the census, but in actual fact, they are really "urban," since their social and economic patterns are governed almost entirely by conditions in the metropolitan areas. As a matter of fact, many of them earn their living in the cities, and commute back and forth every day. We find, for example, that the metropolitan area of New York City contains 272 incorporated places—towns, villages, and cities—within its orbit. Of these, 112 have a population of less than 2,500 each, and would thus be classified as "rural"; 49 have a population of between 2,500 and 5,000; 49 have a population of 5,000 to 10,000; 48 a population of 10,000 to 50,000; eight a population between 50,000 and 100,000; and six a population of 100,000 or more. To a lesser extent the same thing is true of such cities as Pittsburgh, Chicago, Philadelphia, Boston, Los Angeles, St. Louis, Cincinnati, Detroit, Cleveland, and San Francisco.

THE explanation of this great concentration of population in the metropolitan areas is found in the economic development of the country during this period. As agriculture has assumed a position of relative inferiority, and

Factors leading to cityward migrations

industry has become more dominant individuals have naturally drifted to the regions of greater economic opportunity. At first, roughly until about 1920, it was largely a case of the workers' following the factories. In later years, however, other factors have exerted a determining influence. Commercial ventures and a host of other economic activities which naturally rise from a high state of industrial development offered innumerable opportunities for employment and financial betterment. A

Problems of the Metropolitan Area

By David S. Muzzey and Paul D. Miller

whole new class of the workers—the "white-collar" class—was created. All this was a natural offshoot of finance capitalism.

Not only have the last few years witnessed a general trend in the concentration of population in the metropolitan districts, but they have also seen a number of important changes within the area of the great super-cities. The tendency has been for the outlying districts, the suburban places, to grow more rapidly than the central cities themselves. Of 85 metropolitan districts, each with a population of 100,000 or more, the census discovered that between 1920 and 1930 the rate of increase was twice as great in the outlying places as in the cities themselves. This drift has been primarily due to the increased use of the motor car, making it possible for individuals of moderate incomes to enjoy the advantages of living outside the congested regions while working in the city proper; improved highways; the expansion of public utility services, including transportation facilities, light, gas, sewerage, and health services, and other conveniences which make living outside the cities pleasant. In certain instances, the percentage of increase within the decade has been enormous. Beverly Hills, for example, a suburb of Los Angeles increased in population 2,485.9 per cent between 1920 and 1930.

BUT this outward migration has not been caused solely by the desire of individuals to get out of the congested districts of the large cities. There has been a marked tendency since the close of the World War for

Decentralization of industry contributes

industries to move from the cities to the outlying districts. There has been a certain amount of decentralization of industry in recent years, resulting from more desirable sites for operation, cheaper rents, and a number of other items which have lowered the costs of production. In the case of the industries which supply the immediate demands of the population of the large cities, the outward movement has not been so great as in the case of those whose markets are more far flung and whose geographic location has little to do with their prosperity.

These shifts of population and industries within the metropolitan areas have created a number of serious problems. Sections of the central city which formerly served as residential districts have been deserted, causing land values to decline disastrously and creating a number of blighted areas. The effect of this is to upset a number of economic conditions. Transportation systems become useless, and a heavy investment of money is lost. Certain commercial enterprises which depended for their existence upon the business of residents in the deserted sections have been thrown into bankruptcy. Equally acute is the problem of overcrowding in certain sections of the central city. The business center is constantly shifting from one part of the city to another, making for conditions of almost unbearable congestion. Such a development adds to the problem of transportation, for millions of people are obliged every day to travel at exactly the same hour from all parts of the city to their places of business.

Anyone who has traveled the New York subways during the rush hours is aware of the seriousness of this transportation problem. What to do about the areas of overcrowding as well as the deserted and blighted sections is a problem with which practically every large city is confronted, but about which very little has yet been done.

IT IS apparent that the growth of the super-city has created a number of other problems which naturally transcend the functions of the conventional city government. Since these metropolitan areas constitute more

Inadequacy of present political arrangement

naturally functional units which go beyond the political divisions under whose jurisdiction they fall, it is virtually impossible to cope with many of the problems demanding attention. One of the most pressing of these has to do with planning for more healthful, convenient conditions. In the field of city planning, much useful work has been done during the last two decades. But it has lately been recognized that if really satisfactory results are to be obtained, planning must be made not only for the district covered by a definite political organization, but for larger regions, oftentimes regions which cross state lines. Certain states now have legislation which provides for regional planning of this type, and the next few years may be expected to see the drawing up of additional regional plans, as well as the carrying out of plans which have already been drafted. However, too much should not be expected of far-reaching regional planning because of the political difficulties which stand in the way of adequate programs.

Just how to make metropolitan government fit the needs of the super-city structure is one of the major problems of the day. As R. D. McKenzie points out in his chapter, "The Rise of Metropolitan Communities," which appears in "Recent Social Trends": "The development of the new super-city points, therefore, to the need of some sort of super-metropolitan government. . . . It is quite apparent that the old procedure of annexation of surrounding territory by a central city is no longer a satisfactory solution. The spread of population under the influence of motor transport is far too rapid and too extensive to be dealt with adequately by annexation, even if annexation were not vigorously resisted by most of the outlying communities of most cities. Some plan of coordination of governmental functions must be developed before the political unity of the real functional metropolitan community can be achieved."

WHAT further changes will take place in the geographical distribution of the population during the next few decades cannot be foreseen at this time. Of one thing, however, we may be fairly certain. The trend

Super-city a permanent feature of American life

toward concentration of people in the metropolitan areas is likely to continue. Whether it will consist of a greater concentration within the political boundaries of the large cities themselves, or will continue, as during the last decade, to be an outward movement within the sphere of influence of the large cities is uncertain. But the metropolitan community seems to have become a permanent feature of American life. And this change, like so many other social changes of modern times, demands the highest type of statesmanship if the political government is to serve the functions which these new conditions have of necessity placed upon it.

Something to Think About

1. Which of the following three methods do you favor having the government adopt to regulate electric power rates? (a) Permitting the government to generate and distribute electricity in direct competition with private companies. (b) Having the government fix rates as it does in the case of the railroads. (c) Leaving it up to public utility commissions in the various states to see that companies do not reap exorbitant profits.
2. When will the TVA actually prove itself to be a true yardstick for the determination of fair power rates?
3. Do you feel that there is any hope of success for the TVA's social and economic experiment in the Tennessee Valley?
4. What is the position of each of the following countries with regard to restoration of the Hapsburgs? Germany. France. Italy. Little Entente.
5. Do you think that restoration of the Hapsburgs would solve the major economic problems with which Austria has been confronted since the war? List the outstanding difficulties which it would create.
6. What, in your opinion, would be the best method of solving the political and economic problems of Austria?

7. Explain why the political organization of metropolitan communities is inadequate to meet the social and economic problems confronting them.

8. How far might regional planning go in solving these problems?

9. On what grounds did the federal court in Boston rule the processing taxes of the AAA unconstitutional? If this decision is upheld by the United States Supreme Court, what is likely to be the effect upon the government's farm-relief program?

10. Do you see any effective way of eliminating lobbying? What are the advantages and the disadvantages of the lobby?

11. What threat to Portugal's colonial development has recently arisen?

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